

107TH CONGRESS
1ST SESSION

H. R. 1878

To provide supplemental payments to dairy producers based upon their annual milk marketings and to provide additional payments to dairy producers for any month in which the prices received by producers for milk for the preceding three months is less than a target price of \$12.50 per hundredweight.

IN THE HOUSE OF REPRESENTATIVES

MAY 16, 2001

Mr. KIND introduced the following bill; which was referred to the Committee on Agriculture

A BILL

To provide supplemental payments to dairy producers based upon their annual milk marketings and to provide additional payments to dairy producers for any month in which the prices received by producers for milk for the preceding three months is less than a target price of \$12.50 per hundredweight.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “National Family Farm
5 Dairy Equity Act of 2001”.

1 **SEC. 2. DIRECT PAYMENTS TO DAIRY PRODUCERS BASED**
2 **ON ANNUAL MILK MARKETINGS.**

3 (a) PAYMENTS REQUIRED.—The Secretary of Agri-
4 culture shall make payments under this section to quali-
5 fied producers on a farm for milk produced in the United
6 States and marketed by the producers for commercial use.

7 (b) AMOUNT OF PAYMENT.—Subject to the produc-
8 tion limitations in subsection (c), the total amount paid
9 to producers on a farm under this section for a calendar
10 year shall be equal to \$0.50 per hundredweight on the
11 smaller of—

12 (1) the producers' total milk production during
13 that calendar year; and

14 (2) 2,600,000 pounds.

15 (c) PRODUCTION AGREEMENT.—To be eligible to re-
16 ceive a payment under this section, the producers on a
17 farm shall enter into an agreement with the Secretary to
18 limit total milk marketings from the farm during the cal-
19 endar year to not more than the sum of—

20 (1) the base milk production history for the
21 farm, as determined under subsection (d); and

22 (2) the demand adjustment factor for the farm,
23 as determined under subsection (e).

24 (d) BASE PRODUCTION HISTORY.—

25 (1) DETERMINATION.—The base milk produc-
26 tion history for a farm for a calendar year shall be

1 equal to the average annual quantity of milk pro-
2 duced and marketed from the farm for commercial
3 use, determined using the production and marketing
4 records for the previous two calendar years. After
5 the first year in which payments are made under
6 this section to producers on a farm, the base produc-
7 tion history for the farm for each subsequent year
8 shall be adjusted by the percentage change in the
9 demand adjustment factor for the previous year.

10 (2) NEW PRODUCERS.—In the case of a farm
11 that does not have a production history for the pre-
12 vious two calendar years, the Secretary shall estab-
13 lish an appropriate production base for the farm
14 based on the size of the dairy operation.

15 (e) DEMAND ADJUSTMENT FACTOR.—The demand
16 adjustment factor applicable to a farm for a calendar year
17 is the amount equal to the product of—

18 (1) the base production history in effect for the
19 farm; and

20 (2) the percentage change in the estimated
21 United States consumption of milk and dairy prod-
22 ucts on a per-capita basis and the percentage change
23 in the population of the United States during the
24 previous calendar year, as determined by the Sec-
25 retary.

1 (f) REPAYMENT.—If the Secretary determines that
 2 annual milk marketings on a farm exceed the quantity
 3 permitted for the farm under the agreement entered into
 4 under subsection (c), the Secretary shall require the pro-
 5 ducers on the farm to repay all payments made under this
 6 section to the producers for that calendar year. The
 7 amount repaid shall include interest calculated at the rate
 8 equal, to the extent practicable, to the cost to the Com-
 9 modity Credit Corporation of borrowings from the United
 10 States Treasury for the relevant time period.

11 (g) RELATION TO OTHER PAYMENT AUTHORITY.—
 12 Payments under this section for a calendar year do not
 13 count toward the \$50,000 per farm limitation in section
 14 3(d)(1).

15 (h) TIME FOR PAYMENTS.—Payments required
 16 under this section shall be made on a quarterly basis dur-
 17 ing the calendar year.

18 **SEC. 3. ADDITIONAL PAYMENTS TO DAIRY PRODUCERS TO**
 19 **OFFSET LOW MILK PRICES.**

20 (a) DEFINITIONS.—In this section:

21 (1) AVERAGE MILK PRICE.—The term “average
 22 milk price” means the average price under the Fed-
 23 eral milk marketing orders of Class III milk (or milk
 24 used to produce cheese) and Class IV milk (or milk

1 used to produce butter and nonfat dry milk) for the
2 preceding three-month period.

3 (2) CLASS I MILK.—The term “Class I milk”
4 means milk classified as Class I milk under a Fed-
5 eral milk marketing order.

6 (3) CLASS II MILK.—The term “Class II milk”
7 means milk classified as Class II milk under a Fed-
8 eral milk marketing order.

9 (4) CLASS III MILK.—The term “Class III
10 milk” means milk classified as Class III milk under
11 a Federal milk marketing order.

12 (5) CLASS IV MILK.—The term “Class IV milk”
13 means milk classified as Class IV milk under a Fed-
14 eral milk marketing order.

15 (6) FEDERAL MILK MARKETING ORDER.—The
16 term “Federal milk marketing order” means a milk
17 marketing order issued under section 8c of the Agri-
18 cultural Adjustment Act (7 U.S.C. 608c), reenacted
19 with amendments by the Agricultural Marketing
20 Agreement Act of 1937.

21 (7) SECRETARY.—The term “Secretary” means
22 the Secretary of Agriculture.

23 (8) TARGET PRICE.—The term “target price”
24 means \$12.50 per hundredweight for milk con-
25 taining 3.50 percent butterfat.

1 (b) PAYMENTS REQUIRED.—The Secretary shall
2 make a payment under this section to producers on a farm
3 for any month in which the average milk price applicable
4 to that month is less than the target price. Producers shall
5 be eligible for payments regardless of whether they market
6 their milk within the Federal milk marketing order sys-
7 tem. Payments for producers operating outside the Fed-
8 eral order system shall be calculated to be equivalent to
9 payments for producers operating within the Federal
10 order system.

11 (c) AMOUNT OF PAYMENT.—Subject to subsection
12 (d), the amount of the payment to be made to producers
13 on a farm under subsection (b) for a month shall be equal
14 to the following:

15 (1) The difference between the target price and
16 the average Class III milk price multiplied by the
17 percentage of milk used as Class III milk of the
18 total amount of milk marketed by the producer, as
19 determined by the Secretary.

20 (2) The difference between the target price and
21 the average Class IV milk price multiplied by the
22 percentage of milk used as Class IV milk of the total
23 amount of milk marketed by the producer, as deter-
24 mined by the Secretary.

1 (3) The difference between the target price and
2 the average Class I milk price multiplied by the per-
3 centage of milk used as Class I milk of the total
4 amount of milk marketed by the producer, as deter-
5 mined by the Secretary.

6 (4) The difference between the target price and
7 the average Class II milk price multiplied by the
8 percentage of milk used as Class II milk of the total
9 amount of milk marketed by the producer, as deter-
10 mined by the Secretary.

11 (d) LIMITATIONS.—

12 (1) PAYMENT LIMITATION.—Maximum pay-
13 ments under this section for a calendar year may
14 not exceed \$50,000 per farm.

15 (2) QUANTITY LIMITATION.—The producers on
16 a farm shall be eligible for payments under this sec-
17 tion for a month for not more than the smaller of
18 the following:

19 (A) The producers' average monthly pro-
20 duction, determined using the production dur-
21 ing the previous calendar year and the current
22 calendar year.

23 (B) 216,666 pounds produced monthly.

24 (C) Some other production base for the
25 farm considered appropriate by the Secretary.

1 (3) NEW PRODUCERS.—In the case of pro-
2 ducers on a farm who do not have a production base
3 for the previous calendar year, the quantity limita-
4 tion otherwise applicable under paragraph (2)(A)
5 shall be based on current monthly production only.

6 (e) TIME FOR PAYMENTS.—Payments required under
7 this section for a month shall be made not later than the
8 21st day after the end of the month.

9 **SEC. 4. GENERAL PROVISIONS.**

10 (a) FARM RECONSTITUTION.—The Secretary shall
11 carry out this Act in such a manner that there are no
12 additional outlays under section 2 or 3 as a result of the
13 reconstitution of a farm that the Secretary determines oc-
14 curred in whole or in part for the purpose of increasing
15 the amounts received as payments under such section.

16 (b) ADMINISTRATION; FUNDING SOURCE.—The Sec-
17 retary shall carry out this Act using the funds, facilities,
18 and authorities of the Commodity Credit Corporation.

19 (c) PERIOD OF EFFECTIVENESS.—This Act shall be
20 effective only during the period beginning on January 1,
21 2002, and ending on December 31, 2006.

22 (d) COMPTROLLER GENERAL REPORT.—Not later
23 than three years after the date of the enactment of this
24 Act, the Comptroller General shall submit to Congress a
25 report that analyzes the effect of the operation of this Act

- 1 on farm income, milk production levels, milk prices, and
- 2 Government and consumer costs.

